

Senate File 2104 - Introduced

SENATE FILE 2104

BY ZAUN

A BILL FOR

1 An Act relating to property taxation by providing a property
2 assessment adjustment and property tax reduction for
3 certain property of persons who meet certain income
4 qualifications, providing a penalty, modifying city and
5 county budget provisions, and including retroactive and
6 other applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

CITY AND COUNTY BUDGET INCREASE APPROVAL

Section 1. Section 331.433A, subsection 5, paragraph b, Code 2020, is amended to read as follows:

b. If the sum of the maximum property tax dollars for the budget year specified in the resolution for either general county services or for rural county services under the levies specified in subsection 2, paragraphs "a" and "b", as applicable, exceeds one hundred ~~two~~ one percent of the sum of the current fiscal year's actual property taxes certified for levy for general county services or rural county services under the levies specified in subsection 2, paragraphs "a" and "b", as applicable, the board shall be required to adopt the resolution by a two-thirds majority of the membership of the board and for fiscal years beginning on or after July 1, 2021, be approved at election under section 331.434A.

Sec. 2. Section 331.434, unnumbered paragraph 1, Code 2020, is amended to read as follows:

Annually, the board of each county, subject to section 331.403, subsection 4, sections 331.423 through 331.426, section 331.433A, section 331.434A, and other applicable state law, shall prepare and adopt a budget, certify taxes, and provide appropriations as follows:

Sec. 3. NEW SECTION. 331.434A **Budget increase election.**

1. For fiscal years beginning on or after July 1, 2021, if the sum of the maximum property tax dollars for the budget year for either general county services or for rural county services under the levies specified in section 331.433A, subsection 2, paragraphs "a" and "b", as applicable, exceeds one hundred one percent of the sum of the current fiscal year's actual property taxes certified for levy for general county services or rural county services under the levies specified in section 331.433A, subsection 2, paragraphs "a" and "b", as applicable, and the board has adopted the resolution by a two-thirds majority of the membership of the board as required under section 331.433A,

1 subsection 5, paragraph "b", the board shall call a county
2 special election to vote upon the question of the increase.

3 2. Notice of the election shall be given by publication as
4 specified in section 331.305. At the election, the ballot used
5 for the submission of the proposition shall be in substantially
6 the form for submitting special questions at general elections.

7 3. The proposition for the increase is not carried or
8 adopted unless the vote in favor of the proposition is equal
9 to at least sixty percent of the total votes cast for and
10 against the proposition at the election. If the proposition is
11 approved by the voters, the board shall, as necessary, amend
12 the county budget under section 331.435, and the department of
13 management shall make all necessary changes to the county's
14 certified amount of taxes.

15 Sec. 4. Section 331.435, subsection 2, Code 2020, is amended
16 to read as follows:

17 2. The board shall prepare and adopt a budget amendment in
18 the same manner as the original budget as provided in section
19 331.434, but excluding the requirements for adoption of the
20 resolution under section 331.433A and the election under
21 section 331.434A, and the amendment is subject to protest as
22 provided in section 331.436, except that the director of the
23 department of management may by rule provide that amendments
24 of certain types or up to certain amounts may be made without
25 public hearing and without being subject to protest. A county
26 budget for the ensuing fiscal year shall be amended by May 31
27 to allow time for a protest hearing to be held and a decision
28 rendered before June 30. An amendment of a budget after May
29 31 which is properly appealed but without adequate time for
30 hearing and decision before June 30 is void.

31 Sec. 5. Section 384.15A, subsection 5, paragraph b, Code
32 2020, is amended to read as follows:

33 b. If the sum of the maximum property tax dollars for
34 the budget year specified in the resolution under the levies
35 specified in subsection 2 exceeds one hundred ~~two~~ one percent

1 of the sum of the current fiscal year's actual property taxes
2 certified for levy under the levies specified in subsection
3 2, the council shall be required to adopt the resolution by
4 a two-thirds majority of the membership of the council, and
5 for fiscal years beginning on or after July 1, 2021, shall be
6 approved at election under section 384.15B.

7 Sec. 6. NEW SECTION. **384.15B Budget increase election.**

8 1. For fiscal years beginning on or after July 1, 2021, if
9 the sum of the maximum property tax dollars for the budget year
10 specified in the resolution under section 384.15A exceeds one
11 hundred one percent of the sum of the current fiscal year's
12 actual property taxes certified for levy under the levies
13 specified in section 384.15A, subsection 2, and the council
14 has adopted the resolution by a two-thirds majority of the
15 membership of the council as required under section 384.15A,
16 subsection 5, paragraph "b", the council shall call a city
17 special election to vote upon the question of the increase.

18 2. Notice of the election shall be given by publication as
19 specified in section 49.53. At the election, the ballot used
20 for the submission of the proposition shall be in substantially
21 the form for submitting special questions at general elections.

22 3. The proposition for the increase is not carried or
23 adopted unless the vote in favor of the proposition is equal
24 to at least sixty percent of the total votes cast for and
25 against the proposition at the election. If the proposition
26 is approved by the voters, the board shall, as necessary,
27 amend the city budget under section 384.18, and the department
28 of management shall make all necessary changes to the city's
29 certified amount of taxes.

30 Sec. 7. Section 384.16, unnumbered paragraph 1, Code 2020,
31 is amended to read as follows:

32 Annually, a city that has satisfied the requirements of
33 section 384.15A and section 384.22, subsection 3, and section
34 384.15B, if applicable, shall prepare and adopt a budget, and
35 shall certify taxes as follows:

1 Sec. 8. Section 384.18, subsection 1, Code 2020, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *e.* To amend the city budget following an
4 election under section 384.15B.

5 Sec. 9. Section 384.18, subsection 2, Code 2020, is amended
6 to read as follows:

7 2. A budget amendment must be prepared and adopted in the
8 same manner as the original budget, as provided in section
9 384.16, but excluding the requirement for adoption of a
10 resolution under section 384.15A or an election under section
11 384.15B, and is subject to protest as provided in section
12 384.19, except that the committee may by rule provide that
13 amendments of certain types or up to certain amounts may be
14 made without public hearing and without being subject to
15 protest. A city budget shall be amended by May 31 of the
16 current fiscal year to allow time for a protest hearing to be
17 held and a decision rendered before June 30. The amendment of
18 a budget after May 31, which is properly appealed but without
19 adequate time for hearing and decision before June 30 is void.

20 Sec. 10. APPLICABILITY. This division of this Act applies
21 to city and county budgets for fiscal years beginning on or
22 after July 1, 2021.

DIVISION II

ELDERLY HOMESTEAD ADJUSTMENT

25 Sec. 11. NEW SECTION. 425B.1 Homestead assessed value
26 adjustment — purpose.

27 Persons who own their homesteads and who meet the
28 qualifications provided in this chapter are eligible for an
29 adjustment in the assessed value of their homesteads and the
30 amount of property taxes due and payable, or both.

31 Sec. 12. NEW SECTION. 425B.2 Definitions.

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32     As used in this chapter, unless the context otherwise
33 requires:
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34 1. "*Assessed value*" means the actual value prior to any
35 adjustment pursuant to section 441.21, subsection 4.

1 2. "*Base assessment year*" means the assessment year
2 beginning in the base year.

3 3. "*Base year*" means the calendar year last ending before
4 the claim is filed.

5 4. "*Claimant*" means a person filing a claim for adjustment
6 under this chapter who receives fifty percent or more of the
7 person's household income from social security benefits or
8 pension income, and is domiciled in this state at the time the
9 claim is filed or at the time of the person's death in the
10 case of a claim filed by the executor or administrator of the
11 claimant's estate.

12 5. "*Homestead*" means the same as defined in section 425.17.

13 6. "*Household*", "*household income*", and "*income*" mean the
14 same as defined in section 425.17.

15 7. "*Owned*" means owned by an owner as defined in section
16 425.11.

17 Sec. 13. NEW SECTION. **425B.3 Right to file a claim.**

18 The right to file a claim for an assessed value adjustment
19 under this chapter may be exercised by the claimant or on
20 behalf of a claimant by the claimant's legal guardian, spouse,
21 or attorney, or by the executor or administrator of the
22 claimant's estate. If a claimant dies after having filed a
23 claim for adjustment, the amount of any adjustment shall be
24 made as if the claimant had not died.

25 Sec. 14. NEW SECTION. **425B.4 Claim for adjustment.**

26 1. Subject to the limitations provided in this chapter,
27 a claimant may annually claim an adjustment of the assessed
28 value of the claimant's homestead for the base assessment year.
29 The adjustment claim shall be filed with the county assessor
30 between January 1 and February 15 immediately following
31 the close of the base assessment year. However, in case of
32 sickness, absence, or other disability of the claimant, or
33 if in the judgment of the county assessor good cause exists,
34 the county assessor may extend the time for filing a claim for
35 adjustment through June 30 of the same calendar year.

1 2. The county assessor shall notify the department of
2 revenue by March 1 of the number of claimants receiving
3 adjustments under this chapter and the total amount of the
4 reduced assessed values for the base assessment year.

5 Sec. 15. NEW SECTION. **425B.5 Adjustment — maximum tax**
6 **dollars levied.**

7 The assessed value of the claimant's homestead in the
8 base assessment year shall be adjusted, but not increased,
9 to equal the assessed value, as such assessed value may have
10 been adjusted pursuant to this chapter, in the assessment year
11 preceding the base assessment year. If the amount of property
12 taxes levied against the adjusted assessment exceeds the amount
13 of property taxes levied against the property in the fiscal
14 year for which taxes were first levied against an adjusted
15 assessment under this chapter, the amount of the difference
16 shall be abated and the treasurer shall subtract the difference
17 from the amount due.

18 Sec. 16. NEW SECTION. **425B.6 Administration.**

19 The director of revenue shall make available suitable forms
20 for claiming an assessed value adjustment with instructions
21 for claimants. Each assessor and county treasurer shall make
22 available the forms and instructions. The claim shall be in a
23 form as the director may prescribe.

24 Sec. 17. NEW SECTION. **425B.7 Proof of claim.**

25 1. Every claimant shall give the department of revenue, in
26 support of the claim, reasonable proof of:

27 a. Changes of homestead.

28 b. Size and nature of the property claimed as the homestead.

29 c. Household income.

30 2. The director of revenue may require any additional proof
31 necessary to support a claim.

32 Sec. 18. NEW SECTION. **425B.8 Audit — denial.**

33 If on the audit of a claim for adjustment under this chapter,
34 the director of revenue determines the claim is not allowable,
35 the director shall notify the claimant of the denial and the

1 reasons for it. The director shall not deny a claim after
2 three years from October 31 of the year in which the claim was
3 filed. The director shall give notification to the county
4 assessor of the denial of the claim and the county assessor
5 shall instruct the county treasurer to proceed to collect the
6 tax that would have been levied on the applicable adjusted
7 assessed value in the same manner as other property taxes
8 due and payable are collected, if the property on which the
9 adjustment was granted is still owned by the claimant.

10 Sec. 19. NEW SECTION. **425B.9 Waiver of confidentiality.**

11 1. A claimant shall expressly waive any right to
12 confidentiality relating to all information available to the
13 county assessor who shall hold the information confidential
14 except that it may be used as evidence to disallow the assessed
15 value adjustment.

16 2. The department of revenue may release information
17 pertaining to a person's eligibility or claim for or receipt of
18 the assessed value adjustment to an employee of the department
19 of inspections and appeals in the employee's official conduct
20 of an audit or investigation.

21 Sec. 20. NEW SECTION. **425B.10 False claim — penalty.**

22 A person who makes a false affidavit for the purpose of
23 obtaining an adjustment in assessed value provided for in
24 this chapter or who knowingly receives the adjustment without
25 being legally entitled to it or makes claim for the adjustment
26 in more than one county in the state without being legally
27 entitled to it is guilty of a fraudulent practice. The claim
28 for adjustment shall be disallowed in full and property tax
29 shall be levied on the disallowed adjustment at the rate that
30 would have been levied but for the adjustment. The director of
31 revenue shall send a notice of disallowance of the claim.

32 Sec. 21. NEW SECTION. **425B.11 Notices, appeals, and**
33 **rules.**

34 To the extent not otherwise contrary to the provisions of
35 this chapter:

1 funds. In addition to the public hearing on the budget, the
2 governing body must hold a public hearing on the resolution.
3 If the sum of the total maximum property tax dollars for the
4 budget year specified in the resolution exceeds 102 percent
5 of the sum of the current fiscal year's actual property taxes
6 certified for levy, the governing body shall be required to
7 adopt the resolution by a two-thirds majority of the membership
8 of the governing body. Division I of the bill changes the
9 threshold percentage for the two-third majority approval from
10 102 percent to 101 percent and requires the increase in the
11 budget amount to be approved by the voters at election. The
12 proposition for the increase is not carried or adopted unless
13 the vote in favor of the proposition is equal to at least 60
14 percent of the total votes cast for and against the proposition
15 at the election. If the proposition is approved by the voters,
16 the county or city, as applicable, shall amend the county or
17 city budget and the department of management shall make all
18 necessary changes to the city's certified amount of taxes.

19 Division I of the bill applies to city and county budgets for
20 fiscal years beginning on or after July 1, 2021.

21 Division II of the bill provides for an adjustment in
22 the assessed value of a homestead, as defined in the bill,
23 if the owner's household income consists of 50 percent or
24 more of social security income or pension income. If those
25 qualifications are met, the assessed value of the homestead
26 upon which property taxes are levied in a fiscal year is the
27 same assessed value as for the previous fiscal year. The bill
28 specifies that assessed value is the actual value prior to any
29 rollback being applied.

30 The bill provides that a person who makes a false affidavit
31 for the purpose of obtaining an adjustment, knowingly receives
32 the adjustment without being legally entitled to it, or makes
33 claim for the adjustment in more than one county without being
34 legally entitled to it is guilty of a fraudulent practice and
35 is subject to a criminal penalty.

1 Division II of the bill applies retroactively to January 1,
2 2020, for assessment years beginning on or after that date and
3 applies to claims filed on or after January 1, 2021, for the
4 adjustments.